



Paul Dragoş Aligica and Peter J. Boettke (2009). *Challenging Institutional Analysis and Development. The Bloomington School.* London and New-York: Routledge.

Review

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The recent passing of distinguished professors Elinor and Vincent Ostrom has bereaved the academic community of the guidance of two prominent scholars. Their intellectual generosity was at the heart of a novel way of doing research: in a collaborative manner, professors and apprentices working side by side, across disciplinary barriers and bringing together diverse research methods and tools, exactly like in a Workshop. This is how the institution they have created at Indiana University was called, a Workshop. While this may sound for some as a very familiar way of doing research nowadays, this was not at all the case when the workshop was founded in 1973. Moreover, they set the foundations for a complex and novel way of building social theory and for connecting it to its practical facet, institutional development and policy analysis.

An overview of their legacy and their fundamental contribution to the advancement of research in social sciences is only natural in such circumstances. To achieve this, I am using Paul Dragoş Aligica's and Petter Boettke's book "Challenging Institutional Analysis and Development. The Bloomington School" as a vehicle. The book undertakes a careful consideration of the essential contributions to social science Elinor and Vincent Ostrom have brought.

The purpose of the above mentioned work is to present in a systematic and comprehensive manner the foundations of the Bloomington School to social science scholars, students and researchers. In the authors' own words, the book is an attempt to "explore, reconstruct and outline the elements of the basic vision of the Bloomington research program in institutional analysis and development – the assumptions, themes

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and basic philosophy that frame the research activity and theory building done by the scholars associated with this School” (Aligica & Boettke, 2009, p. 4). While the work on common-pool resources and on federalism is better known, this is an outline of the larger context in which this type of research was developed, its history, main premises and concepts.

The book is structured in three parts and six chapters, to which the conclusions and a postscript are to be added. The first part presents the theory of governance systems as a natural outgrowth of the 1960s and 1970s debates on metropolitan reform. These chapters introduce the main concepts on which the institutional analysis theoretical framework was built: policentricity and monocentricity, public economy and industry, co-production, the nature of goods and services, and public entrepreneurship. The second part illuminates the reader with regard to the social philosophy developed by Vincent Ostrom, a philosophy that integrates reflections on the “nature of social order, the tension between freedom and organization, the nature and functions of social rules, the role of ideas and belief systems in institutional order and change, and the methodological implications of all of the above” (p. 3). The third part places the Bloomington School in its larger intellectual context as a paradigm that, while being highly connected to the state-of-the-art developments in social sciences and contributing to the emergence of Public Choice, brings back in the picture the way of analysis of classical authors such as Alexis de Tocqueville, Adam Smith, Alexander Hamilton, James Madison, or John Locke. In the conclusions, the Bloomington School is presented as advancing a “science of association”, “a science of citizenship”, and a “science of liberty”. The two interviews in the postscript give the reader the opportunity to get acquainted with the way the founders of the School present themselves, their main theoretical and practical innovations.

Further, I will introduce the main concept and proposition on which this theory is built on, and the main implications for the way we are currently doing social research and policy analysis.

A theory of polycentric order

The concepts of polycentricity and monocentricity have been elaborated in response to proposed reforms for Metropolitan governance in the 1960s and 1970s. The “metropolitan reformers” envisaged an increase in the efficiency of the public administration through further centralization: a single local government, with the abolition of separation of powers within it and organized in a hierarchical manner.

To these, the Bloomington scholars reply that the diversity of problems in an administrative unit and the diversity of contexts can only be coped with by employing a diversity of institutional solutions and no one-size-fits-all approach is going to be successful. While the metropolitan reformers see efficiency as a “function of centralization”, the Bloomington scholars argue that efficiency is related to the nature and type of service that is to be publicly managed. The result is the so much blamed by the reformers overlapping and duplication of administrative units. When different scales

are envisaged for the provision of different services in search for efficiency, then the result may look chaotic, when in fact it has a logic of its own that failed to be that evident to the reformers (pp. 12-3).

The two paradigms display a preference for different political systems: a polycentric and a monocentric one. The first is characterized by many centers of decision making and no one single authority having coercive capabilities, while the second is characterized by a single decision center which has a monopoly over the use of coercion or over rule formulation and enforcement. This draws the scholars' attention to another important issue: the study of rules, their emergence and enforcement.

The challenge institutionalists at Bloomington were facing was to build the conceptual foundations that could unravel the order behind the apparent chaos of polycentric systems that is the foundations of a new theory of social order. P.D. Aligica and P.J. Boettke point to the diverse implications of building such a theory of polycentric order: on the one hand, there is the systemic level of analysis, and, on the other, and probably even more prominent, are the individuals as the basic unit of analysis. Not only is this a theory about "rules, constitutions, fundamental political values and institutional adaptability in maintaining them", but it is also a theory that brings back in the analysis political values and the culture shared by individuals acting as decision makers, a theory of spontaneous order triggered by the individuals that follow and self-enforce the rules of the game, while also participating in the alteration and transformation of these rules (p. 24).

Public economy

To build such a theory of polycentric order, the Bloomington scholars started a dialogue with neoclassical economics by adjusting and adapting neoclassical concepts and models to the new perspective. One such example is the concept of co-production: the users of a service play a significant role in the production of that service and their (dis)engagement significantly impacts its quality and efficiency. The Ostroms go even further and find that as "clients" of public services are disconnected from their production and become more and more passive receivers in the production cycle performed by professionals, the quality of these services erodes. Illustrative is the example of education: as education is less and less the responsibility of families and communities and more and more the exclusive responsibility of a professionalized staff unresponsive to the preferences of the beneficiaries, the pupils' educational performance decreases.

The administrative model advanced based on the dialogue with neoclassical economics is one that envisages the possibility for the provision and production of public services to be disconnected. The consumption unit that collects the taxes for that service need not necessarily be the unit that also produces the service and more diverse institutional arrangements can be imagined. To describe such a model, the Ostroms advance the concept of "public economy" that alludes to the fact that public should not be conflated with "the State" and with "centralized systems of governance", but it should not be conflated with the notion of market either. In this respect, the

Bloomington scholars go beyond markets and states, beyond the simplistic dualist framework and show that a whole myriad of intermediate institutional arrangements are in place and provide sustainable governance of public goods and efficient provision of public services and some have done so for centuries. All these arrangements take into consideration the nature of the public good that is the characteristics related with exclusion from and jointness of use or consumption of that good.

The social philosophy of institutional order and change

Departing from the presentation of the conceptual framework and inventory, the two authors give a remarkable account of the foundational vision upon which these theoretical and practical developments were built. This is an element of novelty of the book, as it reveals crucially important assumptions that much too often remain untold or implicit, without actually being properly acknowledged.

In unravelling the social philosophy of the Bloomington School, Aligica and Boettke start by building around the notions of choice, learning, language, ideas, uncertainty and institutions or rules. This theory admits and integrates the fact that choice is a basic and defining element of human action that results both in social order and in social change. Adaptation is a result of choice and continued adaptation is based on learning which makes humans capable to adjust to very diverse environmental settings. Learning cannot be detached from language and the role language plays in formulating and transmitting ideas. This theory brings ideas, their circulation and spread back into focus. Choice and adaptability have as a consequence an increase in the variety of behaviors, of possibilities of action that lead to four types of threats: “threat of potential chaos”, the “threat of tyranny”, the “threat of uncertainty” and the “threat of ignorance and error.” To respond to these threats, rules and institutions are developed. The existing institutional arrangements become intelligible when these threats are explored.

The threat of potential chaos, stemming from the capacity to make choices, is mitigated with social rules, as constraining mechanisms necessary for the emergence of social order. The threat of tyranny is mitigate by designing a “meta-level rule of law” constraining rulers when they formulate rules and apply sanctions. Constantly expanding new knowledge is a source of uncertainty, as new possibilities for action and choice emerge. This expanding knowledge needs to be contained in a beneficial direction through an appropriate set of institutional arrangements. To build these institutions, a systematic knowledge about institutions should be permanently reinforced, that is an institutional theory is to be constructed. Finally, with expanding knowledge and increased specialization and division of labor, there is also an increase in ignorance. Specialization in one field brings with it ignorance in several others. This theory allows for the fallibility of decision makers and the need for error-correcting mechanisms, more precisely mechanisms that can augment learning capacities. As such, social order emerges when the institutional arrangements in place allow for the proper use of local and individual knowledge. This is an assumption highly congruent with the Hayekian view

of knowledge and opposing the monocentric view of a single decision center capable of offering solutions in this very diverse array of contexts and settings.

This social philosophy has important methodological implications. One is that trying to apply the methods of the natural sciences to social investigation is an erroneous approach. Moreover, excluding values and ideas from the analysis reduces our understanding of the emergence and adaptations of social institutions. The ideas and values of the artisans definitely impact their artifacts that is the rules they formulate to order their actions. This is an approach opposing the value-free social science and the Marxist rejection to include in the analysis the ideas circulated by the social actors, dismissing them as “ideologies”, “rationalizations”, or “false consciousness”.

Last, the two authors place the Bloomington School in its larger intellectual context (Aligica & Boettke, pp. 101-7). First, the Ostroms share similar preoccupations for spontaneous order and rule systems with M. Polanyi or F.A. Hayek. Further, they contribute to the problem of “anarchy” or “social order without the state” in the proximity of scholars such as M. Rothbard or D. Friedman. The work of Bloomington scholars is also relevant for post-communist transition analysis, where the culture and shared values prove to be crucial to building legitimate institutional structures. From a methodological perspective, the Bloomington scholars highly cherish inter-disciplinarity (and by this they do not refer only to social sciences, but also to biology or mathematics), the use of diverse and complementary methods, from field research and anthropological observation, to experiments, large N studies or meta-analyses. Furthermore, this entire theoretical framework and social philosophy is employed to develop a novel perspective on policy analysis, one that integrates local knowledge and values, cherishes the role of language and does not have an in-built monocentric bias when addressing problems that different communities face in organizing collective action. In this, the scholars at Indiana contribute to the emergence of Public choice as a novel approach and paradigm that departs from assumptions of state-centricity.

The authors conclude that the Bloomington School presents itself as a “science and art of association”, inspired both by classical authors such as Tocqueville and by the latest 20th century developments in social science. Moreover, they view this intellectual strand as “a call to free our institutional and political imagination”, in a contribution to a “science of citizenship” and a “science of liberty”.

The book brilliantly does a very good job in being a knowledgeable companion in the endeavor of any scholar to understand not only the main concepts of the Bloomington School, but the more intricate and difficult to grasp social philosophy. While the first part is instrumental in becoming familiar with the main building blocks of a theory of poliocentricity, the second part addresses a very demanding objective: making the underlying, implicit assumptions of an intellectual strand explicit and understandable and placing them in a larger context of approaches to social science. The third part skillfully illuminates the intellectual context and the theoretical and methodological dialogue that the Ostroms have initiated with the paradigms in their vicinity and the paradigms opposing them.

However, I am not going to insist on the merits of the book, even though they are genuine and numerous, as my main purpose was to use it as a vehicle and an invitation for reflection on the values and the academic model the Ostroms have left behind.

Elinor and Vincent Ostrom's academic model is based on teamwork, cooperation and interdisciplinarity, on courage to challenge every day orthodoxies, on working side by side with tutors and apprentices like in a workshop, on a tremendous intellectual generosity and openness that go beyond the bureaucratic and administrative exigencies of evaluating a scholar's work. Their enthusiasm and passion was influential for the scholars around them and was put to service the communities and their people. These ways of doing social research will be an inspiration for scholars and education institutions around the world.